

Economic Data Deceive To Dispirit

Economy in finer fettle than what IIP indicates

The data are dispiriting. The good news is that they are deceptively dispiriting. Consumer prices for May show inflation at the lowest level since 2001, at 2.18%. A good harvest, in combination with the lingering effects of the disruption of rural financial linkages by demonetisation, has pushed food price changes into negative territory. This, naturally, has caused distress on the farm. Capital goods production has shrunk in April, as compared to the year-ago level. Basic and intermediate production, too, dragged. All manufacturing output has grown by only 3.1% in April, marginally faster than the 2.7% growth of March. If prices and industrial data alone mattered, we are staring at a picture of stagnation. Fortunately, there are other indicators that tell a positive story.

Agricultural output is bound to register a healthy growth, when the numbers are totted up. The fall in prices reflect, in part, bumper harvests in many commodities. That apart, freight movement and fuel consumption are definitely on the rise, signalling increased economic activity. The Railways' earnings from moving passengers and goods are up more than 9% in May, as compared to May 2016. The total cargo handled at major ports was up 5.56% in May, in volume terms. Growth in container movement was even greater. Fuel consumption in the economy went up by 5.4% in May. Demand for diesel, the bulk fuel, went up 8%, while the demand for petrol rose 15.9%. These volume growth figures have finally recovered from a demonetisation-induced slump in demand.

True, the economy is not powering ahead as it should, to generate the jobs India's demography calls for. Nor is it faltering. What can transform this middling growth is a big push to investment, particularly, private investment. That is hobbled by the twin-balance sheet problem: bad loans on the banks' books and unserviceable loans weighing down India Inc. It is welcome that the government and the RBI are taking steps to tackle this. Resolution of bad loans and freeing up banks to resume lending hold the key to vigorous growth of the economy.

Let Competition Set Fair Prices Under GST

Chief Economic Advisor Arvind Subramanian's reported suggestion to have a 'sunset clause' in the anti-profiteering rule under the Goods and Services Tax is welcome. The rule creates an oversight authority to ensure that producers and service providers pass on reduced tax burdens to consumers. This holds potential for abuse and would lead to disputes. Ideally, the rule must be scrapped. The second best option is to set a deadline—nine months to a year—for its withdrawal. The idea of enforcing the rule initially is to help consumers get the benefit of lower prices during the transition to the new tax system.

Retail prices will come down as GST subsumes indirect taxes and cuts out the cascade of multiple taxes that products bear, lowering production costs. The government must amend the Central GST law to incorporate a sunset clause to ensure that the rule is scrapped within a year. It should rely on competition and the market mechanism to set fair prices. Allowing easy entry and exit rules will foster competition. There is no rationale for yet another authority to deter price gouging. India has an institutional structure, the Competition Commission of India, to tackle market abuse arising from lack of competition. Let the CCI probe if there is collusion or abuse of market dominance in any industry. It is wholly redundant to propose, say, a body under the Central Board for Excise and Customs to investigate cases of flawed competition and failure to pass on reduced tax burdens. It could be source of harassment, as industry apprehends, drawing on past bitter memories.

The tax burden can itself be lowered if the tax base for GST is widened. This is eminently feasible when large chunks of the economy are included in the tax base and exemptions are kept to the minimum.

More study is needed to see if spuds kill: there'll be no dearth of volunteers

Chips Can Never be Down for Potatoes

Given the near universal prevalence of the potato today, it is curious that there are very few studies to determine any link between the humble spud and mortality. Now a study published in the American Journal of Clinical Nutrition this month has asserted that those who eat fried potatoes — aka french fries, tater tots, hash browns, chips etc — are more prone to "premature mortality" than those who consume them in other forms. Alarming as this 'discovery' sounds, it is unlikely that will make Indians forsake their aloo bhujija and tikkis any time soon. Nor is the market for fried potatoes expected to dip in the West either. After all, it is only a correlational study, which experts reassuringly have clarified means there was no direct evidence of people dying due to eating fried potatoes. It is just that those in the target group — all middle-aged or old — who died during the eight-year period of the study ate their potatoes fried rather than any other way.

While that link cannot be disregarded, diehard potato fans can rightfully claim that ingested atmospheric pollution is way more harmful than a packet of chips or fries can be. In-depth research using larger, more diversified groups is clearly needed to ascertain whether potatoes (and momos) really do kill. And it is unlikely that there will be a dearth of volunteers to try out India's favourite tuber in various forms.

CURSOR Attacks on democracy offer a chance to build and expand the freedoms India lacks

Finders, Not Yet Keepers



TK Arun

When Indians tend to be a little too glib about our democracy. We take it for granted, assume it not just exists but is renewed whenever elections take place. Some even believe we have an excess of the stuff, slowing down decisions and suffocating reforms, in contrast to China, which makes up for its deficit of democracy with rapid growth and popular enrichment. In reality, does India qualify as a democracy? Regular elections to form a government, multiple parties that compete and a multiplicity of media outlets are necessary parts of a democracy, but not sufficient ones. Protection of fundamental rights of individuals and groups and the rule of law, active participation of the citizenry in public life, apart from institutional dispersal of power and the ability of the people, the ultimate sovereign, to hold all arms of the state to account are other essential ingredients of democracy. On these, we fall short.

When groups take the law into their hands, and beat up individuals or even kill them, the rule of law disappears. When teachers appointed to village schools play truant and get away without being sacked, citizen participation in public life and popu-

lar ability to hold parts of the state to account break down. When Christians are attacked for proselytisation, minority rights are breached. When Dalits are attacked by socially more powerful groups and the state fails to prevent or penalise such attacks, not just the rule of law but equality before the law also breaks down.

Democracy in the Making

In those parts of India where sections of the people challenge the authority of the state, such as in Kashmir, the Northeast and the tribal belts of central India, individual rights and liberty are abrogated not just of the militants but of ordinary people as well.

When a member of the higher judiciary pronounces, in court, the cow to be his mother, he puts personal values and custom in place of the law of the land he is duty-bound to uphold. This is as much breakdown of the rule of law as a legal dispute taking decades to be settled beyond final appeal.

Individual liberty is violated when undertrials languish in jail for years, only to be pronounced not guilty by the courts later, after their youth and vitality have drained out of them and their dear ones have passed on, broken by grief, if not old age.

India is better understood as a democracy in the making, rather than as a full-fledged democracy. And this is not a particularly uncommon thing in the history of nations.

When the American revolution produced its first constitution and provided for elections, about 6% of the population qualified to vote. Slaves, women and those without property did not qualify. Just like in At-



It's not just about waving it from the stands

henian democracy. Europe had to go through wrenching revolutions, multiple rounds of them, to achieve universal adult suffrage. Women got the right to vote much later. Black Americans continued to be disenfranchised till after the civil rights movements of the 1960s. Even today, some southern states make it difficult for black people to register as voters, leave alone take part as equal citizens in public life.

Challenge and Opportunity

Democracy must be understood as an evolving system of expanding rights of the ordinary people. Its defining virtue is that its governance structures offer the space for people to add to and enhance their realised rights. In theory, this should be easier in India than it was in the countries that first secured democracy. Indians got their democracy gift-wrapped, when they got Independence.

If democracy were a building with many rooms, Europeans had to struggle to build those rooms one by one, before occupying them, whereas Indians already had those rooms designed for them by Europeans and built for them by the framers of the Constitution, but still have to train themselves to move into them. This is not all that simple. When you de-

sign and build a room yourself, you know what it is for. When you stumble upon a room that you never knew you could enter, you might be intimidated into staying out.

The good news is that sections of the traditionally excluded are asserting their right to be part of national life on an equal footing. The Dalits are an obvious example. But they encounter violence, as in Una in Gujarat and in Sahnranpur, in UP.

Muslims are being intimidated out of a key traditional occupation, of butchering animals for meat. Transportation of cattle, whether legally or illegally, runs the risk of violent death at the hands of vigilantes. The sale of cattle for slaughter now stands banned by fiat.

These are instances of extreme violation of democracy. But they are also invitations to expand democracy by resisting them. The resistance could take multiple forms, ranging from legal challenge to popular protest. Organising such resistance is a way of building democracy and leadership credentials.

Democracy has to be earned, through struggle to acquire and enforce rights. Whom does this challenge beckon, is the question.

tk.arun@timesgroup.com

No nation has achieved democracy without struggle and Indians deceive themselves if they think their battle was won when they got Independence in 1947

HEALTHCARE

Showing a Healthy Interest



Preetha Reddy

Over the last three years under the present government, healthcare, along with other key social development sectors, has started to move centre stage in India's mind space. Under the Swachh Bharat Abhiyan, there is now a concerted effort towards greater hygiene. Concrete steps are being taken to ensure availability of clean drinking water across rural and urban India. Together, these will help India avert preventable deaths and, hopefully dire statistics such as those reported by the likes of Unicef — such as 1.2 million Indian children dying of preventable diseases in 2015 — will become regrettable history.

On March 16, GoI took a giant leap by adopting the pathbreaking National Health Policy (NHP) 2017. After a hiatus of nearly 15 years, this new policy promises to be a tectonic shift in the way public

healthcare is addressed in India.

A key aspect is that public health expenditure will increase to 2.5% of GDP in a timebound manner. This was long overdue. Moreover, in a pronounced skew towards preventive healthcare, GoI also announced its plans to convert its 150,000 healthcare centres into health and wellness centres that would offer a broader and more comprehensive package of services through this network. This is recognising the fact that keeping a nation's citizens healthy helps the nation realise its full potential.

Current numbers suggest that by 2020, as many as 300 million-plus individuals will be at risk of dying from non-communicable diseases (NCDs). According to the World Health Organization (WHO), it is NCDs such as diabetes, cardiac diseases, respiratory disorders and cancer that are responsible for 60% of deaths in India. In fact, 26% of the population between 30 and 70 years die of NCDs.

In India, there are over 69 million diabetics. Diabetes has become the fastest-growing healthcare burden in India, claiming more than a million lives a year. In addition, the global tobacco epidemic is the fourth most common risk factor

for diseases worldwide. Here, India has the dubious distinction of having the second-largest population of smokers in the world.

In 2010, to address the situation, and with a view to get India 'heart-healthy', the Billion Hearts Beating Foundation was set up. Now to move quickly towards prevention, it is imperative that we — the public and the private sector — work together seamlessly to ensure that NHP 2017 succeeds in its 'preventive' agenda and saves the many lives at risk.

It is encouraging that as this government settles down into its fourth year in New Delhi, the Union health ministry has announced another important pro-



At last, to the heart of the matter

gramme: the National Training for Universal Screening and Control of Common NCDs. This aims to cover about 50 crore people. It aims to have everyone above the age of 30 years screened in 100 districts of the country in the first phase.

Gradually, it will cover the entire country and around 500 million people, so that timely intervention can reduce the country's disease burden.

GoI has stated that neither the private sector nor the government has the capacity or resources to respond to healthcare needs alone. NHP 2017 has, thus, effectively created a framework to foster a long-term partnership between the public and private enterprise. The next steps should involve developing effective public-private partnership (PPP) models for the private sector to participate in government schemes.

The time has come to add another P in the PPP mix. This new P stands for People, and India should make every citizen responsible for his or her own health, even as Swasth Bharat (healthy India) is a collective responsibility.

The writer is vice chairperson, Apollo Hospitals

GLOBALISATION 2.0

How to Cut Across Corridors



Sachin Chaturvedi

Prime Minister Narendra Modi's idea of the Asia Africa Growth Corridor (AAGC), as reflected in the joint statement with Japanese Prime Minister Shinzo Abe in November 2016, has got enhanced attention, particularly in the context of China's 'One Belt One Road' (Obor) initiative.

But discussions seem to be missing out on two other similar efforts. One is in the form of German Chancellor Angela Merkel's new proposal of a 'Marshall Plan' for Africa, evolved with Germany's G-20 presidency this year. Two, is the 'New Silk Road', an idea that then US secretary of state Hillary Clinton articulated in 2011, and has now been resurrected by the Trump administration.

The AAGC is being viewed as a challenge to these three multinational initiatives from India and Japan. This may not, however, reflect its real intention.

Obor — or now, the Belt and Road Initiative (BRI), is a highly ambitious project-led, infrastructure-focused initiative. It keeps Beijing and other parts of China as source of origin. Modi's speech, at the board meeting of the African Development Bank (ADB) in May 2017 at Ahmedabad,

clearly emphasised on cooperation. It is focused on Asia and Africa and does not bring India or Japan as a central point. It very much reflects the new foreign policy plank of 'sabka saath sabka vikas' (with everyone, for everyone's progress).

Peter Thomson, UN General Assembly, suggested earlier this year that financing the sustainable development goals (SDGs) of nations will require annual investments of around \$6 trillion, or \$90 trillion over 15 years. According to the Addis Ababa Action Agenda (AAAA), the infrastructure gap among the developing countries requires \$1-1.5 trillion annually. The AAAA called for raising \$100 billion from market sources to bridge this and associated gaps by 2020. This effort was estimated to bring 550 million people out of poverty.

China's BRI is precisely trying to bridge this gap. Though India has issues related to sovereignty, there is little doubt that China has made an open offer and is undertaking pre-

defined projects for bettering infrastructure across several countries. President Xi Jinping, while proposing the idea of Obor in 2013, came up with a large infrastructure plan. Along six economic corridors, several infrastructure building projects would be undertaken.

They would help in consolidation of trade and investment flows, and in development projects. The areas identified are policy coordination, effective connectivity, unhindered trade and finally financial integration. But the big question of India's sovereignty concern cannot be ignored.

Germany's 'Marshall Plan' for Africa is close to Modi's idea. It talks of an Africa that is prosperous and at peace, with development opportunities for one and all. Very much in line with India's priorities, it gives emphasis on local jobs and investment with greater value addition and less of the exports of raw material from Africa.

The plan also presses for corruption-free administration with the right political environment (read: democracy). However, there is also an effort to scale down the importance of Official Development Assistance (ODA).

The trouble with this plan is the political uncertainty associated with it. One is unsure whether in the forthcoming German elections in September, this strategy will get endorsed, if the current incumbent fails to return to power.

The idea of AAGC, on the other hand, has evolved with specific

strengths and experiences of Japan and India. If quality infrastructure with lesser carbon footprint is an expertise Japan brings to the table, India has rich experience with the Indian Technical and Economic Cooperation (ITEC) programme that was launched in 1964.

The vision document on AAGC has detailed three main aspects of connectivity — physical, institutional and people-to-people. It also refers to the linking up of the economies of Asia and Africa through development of supporting infrastructure (port, airport, industrial park, telecommunication, IT), capacities for planning and execution of projects, trade facilitation, human resource development and technology improvement. It is expected to be achieved with participation of various actors, according to their needs and strengths.

These new ideas around specific corridors are bringing in new global governance models, where one may think of new structures. With their multiple actors functioning under multiple configurations — with a high degree of flexibility and enhancing scope for global joint action, and less emphasis on ideological divides — this is about moving beyond the Equatorial divide. In an era of stalled multilateral talks, Brexit and Trump's protectionism, this may be a way forward.

The writer is director general, Research and Information System (RIS) for developing countries, New Delhi



The Seat of Power

SRI SRI RAVISHANKAR

A ministership purports to serve the people. However, if it is perceived as a means to derive pleasure or prestige, it will only infest society with corruption, stymie growth and lead to moral degradation. Fear and insecurity will grip society, inhibiting humanness.

It is natural for human beings to want to overcome fear and insecurity. Most will do almost anything to feel secure. Consequently there is a struggle for the seat of power. However, those who hanker after power are really powerless. They can accomplish very little even after coming to office. The irony is that even after assuming the seat of power, they remain fearful. In fact, the fear increases manifold. If you are in fear and tension you can't come up with creative ideas — so you can't do much, either for society or yourself.

Often you hear ministers threatening to resign if they don't get their way. It is irresponsible to take pride in resigning from one's post. This is not sacrifice; it is the act of renouncing a sacred duty assigned by the people. Ministership is not a luxury which you can take pride in renouncing. Similarly, conferring a ministerial post on someone is to expect and demand their best service — it is not to be construed as a reward.

Once you realise your innate power, you don't need a seat or position to serve the people. You can do better without a formal post as did Mahatma Gandhi. Often a ruler is not a reformer and a reformer doesn't rule.

Chat Room

Crop Insurance is Important

Apropos 'Not by Unaffordable Farm Loan Waivers' (Jun 13). The Centre has rightly cautioned state governments that it will not finance loan waivers. Such waivers hurt credit discipline and put government finances in disarray. Nevertheless, political parties vie with each other to offer waivers ahead of polls. They need to look at the nub of the problem of farmers' distress and provide long-term solutions to make farming profitable and sustainable. Crop insurance must also play a bigger role in mitigating the risks of, say, unseasonal rains or drought.

BHOLESHY BHARDWAJ
Mumbai

Pick Good Teachers

Apropos 'Hitch on to the Learning Curve' by Amit Malviya (Jun 13). The learning outcome-based performance ranking of schools is good, but the need is to improve the student ratio in government schools by enhancing quality of education. Teachers should be competent and paid attractive salaries to draw talent. Adopting standardised uniform syllabi and credit transfers among all schools makes sense.

SANJAY TIWARI
Hisar (Haryana)

Corporate Governance

Apropos 'Independent Directors must be Sackable' (Jun 13). The focus should be to initiate steps to raise corporate governance. Sacking by special or ordinary resolution is an expression of a breakdown and symptomatic of entire boards failing to do their job in the selection, appraisal and graceful easing out of non-performers. Commentators rarely highlight the basic weaknesses of board committees and the overall board performance. That leaves the regulator and tribunals to tackle issues relating to the failure of corporate governance.

RSRINIVASAN
Chennai

Letters to the editor may be addressed to editet@timesgroup.com